

U.S. Department of the Interior  
Bureau of Land Management

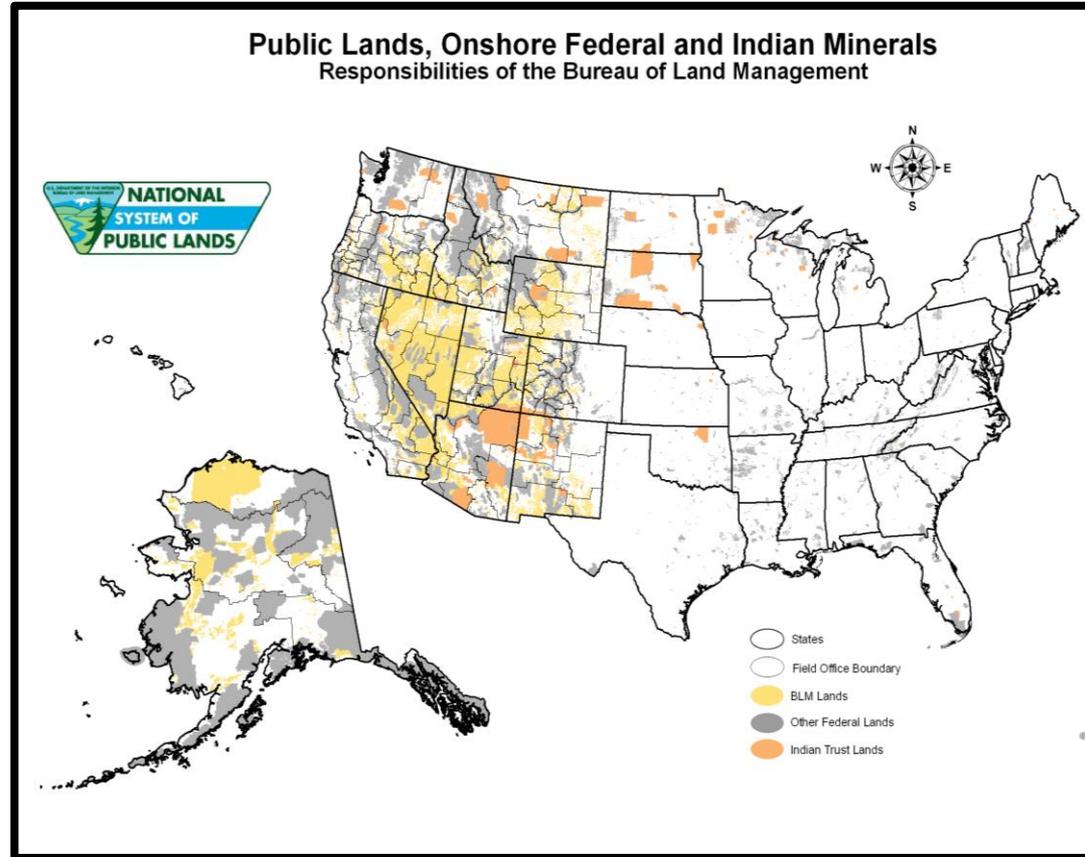
# Onshore Oil and Natural Gas - Life of Lease Royalty Policy Committee October 4, 2017





# What We Manage

- BLM oversees 245 million surface and 700 million sub-surface acres of mineral estate.
- BLM's mission is to manage lands for multiple use and sustained yield.
- BLM's energy role ties into making DOI's priorities for increasing America's energy independence.



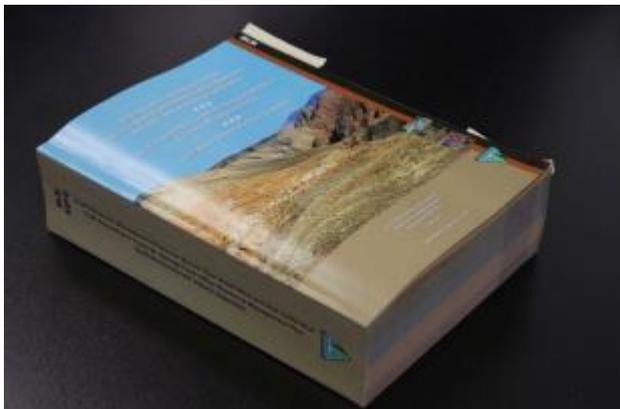
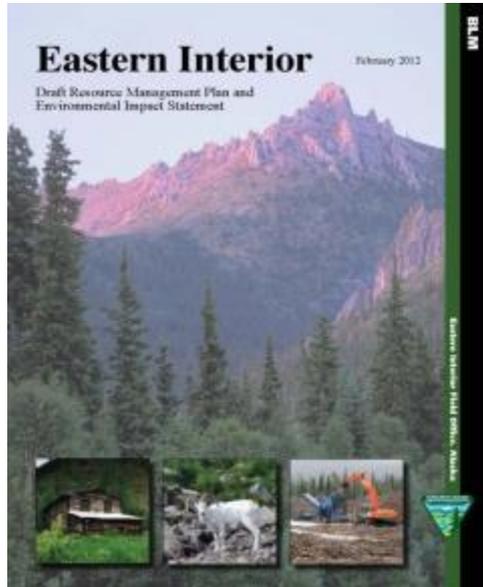


# Federal Laws Related to Oil and Gas Development

- Mineral Leasing Act of 1920
  - Quarterly lease sales when lands available
- National Environmental Policy Act of 1969
- Federal Land Policy and Mgmt. Act of 1976
  - Multiple use and sustained yield basis
- Federal Oil & Gas Leasing Reform Act of 1987
  - Shapes the competitive leasing process that we use today
- Energy Policy Act of 2005
- National Defense Authorization Act FY 2015
  - Internet-based auction authority for online lease sales



# What Lands Are Available for O&G Development



## Resource Management Plans (RMPs)

- Resolve Resource Conflicts
- Areas Closed to Leasing
- Areas Open to Leasing
  - Standard Terms and Conditions
  - Major Constraints
    - No Surface Occupancy
  - Moderate Constraints
    - Timing Limitations



# Current Leasing Process

- Receive Expressions of Interest
  - Maps and creates parcels
  - Prepares preliminary parcel list
- Manage Parcels
  - Conduct NEPA; prepare stipulations
  - Consult w/Surface Management Agencies
  - Engage stakeholders
- Lease Sale
  - Hold quarterly lease sales for each state office
  - All state offices (except AK) holding internet-based auctions
  - (1<sup>st</sup> online sale - Sept 2016; 24 online sales held so far)
- Issue Leases
  - Within 60 days

**BLM Eastern States Lease Sale, September 20, 2016**  
ES-002-09/2016 MSE5 058149 ACQ  
Scott County, MS  
Gross Acres: 477.64, Net Acres: 477.64

**ENERGYNET**  
Government Listings

Your Buyer ID:	Your Bidder #:	Auction Status	This lot has no reserve.
bill	6	Leasing Agency	Bureau of Land Management
You have not bid on this lot.		Highest Bidder	Bidder #7
Maximum Bid		Highest Bonus Bid	\$4 per acre
Flat Bid		Last Bid Date	Mon. Jun. 13, 2016 7:52:04 PM
Enter your Maximum Bid (Proxy)		Starting Bid	\$2.00 per acre
Maximum Bid	\$ 5.00 /acre	Minimum Bid Increment	\$1 per acre
Minimum amount due at closing:		Auction Start Date	Mon. Jun. 13, 2016 5:00:00 PM
At the next bid increment (\$5.00)		Auction End Date	Mon. Jun. 13, 2016 9:00:00 PM
\$2,585.85		Auction Time Remaining	40M 49S
At your full Maximum Bid amount		Your Bid Allowance	\$10,000,000 (Request Increase)
\$2,585.85		BLM Administrative Fee	\$160
You may, instead, place a one-time Flat Bid instead of a Maximum Bid.		Buyer's Premium	1.50% of bonus bid amount
Enter your password to confirm your bid:		<a href="#">View Parcel Info</a>	
<input type="password"/>			
<a href="#">PLACE BID NOW</a>			
Official server time on last page refresh: Mon Jun. 13, 2016 8:19:11 PM			

**Abbreviated Bid History**

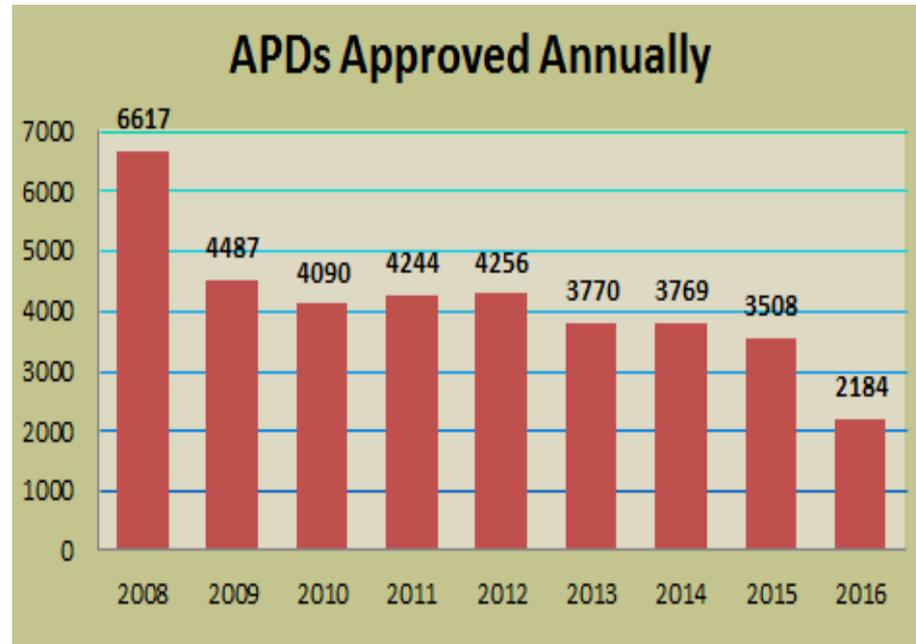
Bidder	Date and Time of Bid	Bonus Bid Per Acre
Bidder #7	Monday, June 13, 2016 7:52:04 PM	\$4.00 per acre



# Drilling – Application for Permit to Drill (APD)

## APD Approval Process

- Electronic Filing
- Notice of Staking
- On-site reviews
- NEPA compliance
- Concurrent Surface Management Agency Review
- Approved with Conditions
- Valid for 2 Years



# Production Verification

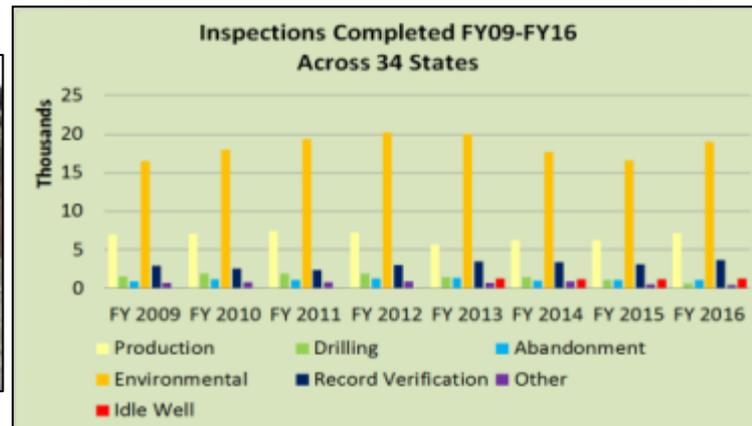
- Sundry Notices when production starts
- Rentals end; Royalties on production starts
- Verify Production Volumes on 29,000 Cases
- Compare Volumes to Office of Natural Resources Revenue Reports, Impacts Disbursements
- Compliance





# Inspection and Enforcement – Ensure Safe and Sound Operations

- Risk-Based, Identify and Focus Priorities
  - Drilling, Plugging, Production, Safety monitoring
  - 100% High Priority Production Inspections completed
- 34,000 Inspections Completed–
  - 191 Petroleum Engineer Technicians Plus Natural Resource Specialists
- Reclamation





## General Steps for Federal Coal Leasing and Mining

- Land use planning
- Application or Plan of Operations submittal
- Environmental analysis
- Sale or Authorization
- Required Permits
- Reclamation
  - OSMRE or state



# Questions?